

ISSUE DATE: August 2, 1995

DOCKET NO. ET-2/RP-94-466

ORDER ACCEPTING 1994 RESOURCE PLAN

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Joel Jacobs
Marshall Johnson
Dee Knack

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Cooperative Power's 1994
Resource Plan

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PROCEDURAL HISTORY

On July 1, 1995, Cooperative Power (CP or the Cooperative) filed its first integrated resource plan with the Commission, as required by 1) MN Laws 1993, Chapter 356 which had expanded the Commission's authority over resource planning to any entity which generates 100,000 kW or more of electric power and serves, directly or indirectly, the needs of 10,000 retail customers in Minnesota and 2) the Commission's November 16, 1993 ORDER ESTABLISHING FILING SCHEDULE in Docket E-999/RP-93-729.

On December 1, 1995, the Minnesota Department of Public Service (the Department), the Izaak Walton League of America (IWLA), and Minnesotans for an Energy Efficient Economy (ME3) filed comments with the Commission.

On December 8, 1995, the Commission issued an Order granting intervenor status to the IWLA and ME3. The Department intervened as of right in this proceeding.

On February 1, 1995, CP filed response comments.

On January 13, 1995, CP notified the Commission of a change in its preferred plan and filed an update to its resource plan and the Commission established a comment and response period for the update.

On March 27, 1995, the Department filed comments on CP's update and the Cooperative filed response comments on April 13, 1995.

On July 20, 1995, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

A. Summary

The Commission has reviewed CP's 1994 Resource Plan in detail and is quite pleased with it. The Commission finds that it represents an impressive opening of the on-going resource planning process. The Commission notes that while the commenting parties have had several suggestions for improvements in the next resource plan, they recommended acceptance of the Cooperative's 1994 Plan.

In light of the nature of the proposed improvements and CP's strong effort in this matter, the Commission will not advise the Cooperative to adopt any of the recommendations but will simply commend them to the Cooperative for serious consideration in the preparation of its next Resource Plan. The parties have raised some issues which may be small in relationship to the planning effort as a whole, but which may further enhance CP's resource plan.

Consistent with this approach, this Order will not exhaustively present and examine each element of the Cooperative's proposed plan and the comments of the commenting parties. Instead, a light summary review will suffice. The commenting parties' suggestions speak for themselves in their written comments and need no amplification or pruning by the Commission.

B. CP's Resource Planning Process

In formulating its resource plan, the Cooperative formed an internal task force and met with state agencies and other interested parties. It also formed a consumer advisory committee to provide customer input into the planning process. In addition, CP examined the resource planning requirements of all of its jurisdictions, which include the Commission, the Western Area Power Administration and the Rural Utilities Service.¹

C. Overview of CP's Resource Plan

In setting out its resource plan, CP indicated its commitment to assisting its members in providing safe, reliable and low cost energy services to their consumers through an environmentally sensitive plan. To assist in the development of the plan, the Cooperative used computer software: *DSManager* to screen demand-side programs and *IRP-Manager* to facilitate the integrated analysis of demand- and supply-side programs. In accordance with Minn. Stat. § 216B.2422 (1994), CP evaluated its plan using the Commission's interim environmental cost figures and provided plans to meet 50 and 75 percent of future capacity needs through use of conservation and renewable energy.

¹ Formerly the Rural Electrification Agency (REA).

In its plan, CP addressed the following areas:

- ◆ Forecast
- ◆ Resource Requirements
- ◆ Demand-Side Resources
- ◆ Power Supply Options
- ◆ Resource Integration
- ◆ Uncertainties (Contingency Planning)
- ◆ Action Plan

D. Comments of the Parties

1. The Department

The Department complimented CP on its planning approach, noting that it met the goals which the Department has stressed in IRP proceedings involving other utilities. These goals include the integration of demand- and supply-side resource options, separation of DSM achieved through current and prior efforts and new DSM, adoption of a rigorous social-cost perspective, and the development of adequate contingency plans

The Commission notes that the Department made comments and provided suggestions with respect to the following subjects: forecast, rate design and load management, supply-side resources, and contingency planning.

2. ME3 and the Izaak Walton League of America

ME3 and IWLA commended CP's approach to planning, particularly its extensive solicitation of public comments prior to completion of the plan and its ongoing willingness to listen to various concerns. ME3 and IWLA offered comments on five areas: the potential use of ethanol-fired peakers, the adequacy of the Coal Creek Expansion plan, the treatment of carbon dioxide emissions and taxes, Phase II Clean Air Act compliance, and CP's DSM programs.

E. Commission Action

The Commission will accept CP's resource plan as updated and request that the Cooperative, when it prepares its next resource plan, give serious consideration to the issues raised by the commenting parties in this matter.

ORDER

1. The 1994 Resource Plan submitted by Cooperative Power (CP or the Cooperative), as updated January 13, 1995, is accepted.
2. In preparing its next resource plan, CP is encouraged to give serious consideration to the recommendations made by the commenting parties in this matter.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)